



Fuel Growth: Customer Feedback Will Build Your Business

by Sue Kern-Fleischer

YOU VALUE YOUR customers. Your firm has earned a great reputation for delivering superior quality products and exceptional services. So much so that, if our firm does business with yours, you're going to exceed our expectations and provide plenty of reasons for us to remain loyal to you.

Really?

"A lot of companies pay lip service to their clients and potential clients," Evan Klein, founder and president of Scottsdale-based Satrix Solutions, LLC, says. "Their websites and marketing collateral tell us how much they value us, but the reality is that there are

very few organizations that practice what they preach. The companies that do, really stand apart from the rest."

Satrix Solutions is a strategic advisory firm that helps companies turn customers into loyal advocates. Using a systematic approach to capture data and respond to customer needs, Satrix helps its clients improve customer retention, share-of-wallet and new sales. The firm's portfolio of services includes customer satisfaction surveys, Net Promoter Score® (NPS) analysis, customer advisory boards, customer perception audits, reference programs, defection analysis and new business win/loss analysis.

Research shows that it costs up to six times more to attract a new customer than to keep an existing customer and that companies can boost profits from 25 percent to 125 percent by retaining 5 percent more of their existing customers.

"Now, more than ever, businesses need to develop strong bonds with their customers," Klein says. "In a weak economy, new business is harder to come by and sales cycles are longer. If you are going to achieve your financial goals, you need to understand your clients' needs, expectations and perceptions and respond appropriately. This will help create loyal advocates — or promoters — who are more likely to purchase additional products and services and resist the advances of competitors."

Covario, Inc., a digital marketing solutions firm whose clients include Forbes Global 2000 and Fortune 500 companies, has been working with Satrix Solutions since March to gauge customer loyalty. Based in San Diego, Covario provides software and creative services for paid search advertising (PPC), organic search engine optimization (SEO), display advertising and social media programs.

"We want all of our clients to be promoters of Covario's products and services, and the only way we can achieve that is by meeting and exceeding their expectations," says Paul Borselli, Covario's director of marketing. "We instituted a Net Promoter program so we know exactly how our clients feel about the service they receive from Covario and, equally important, what steps we need to take in order to continually improve the service experience."

An alternative to traditional customer satisfaction surveys, Net Promoter® is both a loyalty metric and a discipline for using customer feedback to fuel profitable growth. Developed by Satmetrix, Bain & Company and Fred Reichheld, the concept was first popularized through Reichheld's book, *The Ultimate Question*, and has since been embraced by leading companies worldwide as the standard for measuring and improving customer loyalty.

Prior to working with Satrix Solutions, Covario's customer satisfaction surveys yielded limited success. Borselli credits Satrix with helping Covario better align its process with a best-practices approach and notes the company also began taking steps to create a truly customer-centric culture through effective communication, recognition and incentives

around customer loyalty. “Our survey response rates jumped from the low 20s to the high 70s and our Net Promoter Score® increased from +11 percent to +31 percent,” he says.

Covario’s experience working with Satrix Solutions has been very positive, and they are now using Satrix to help them with win/loss analyses for both new business pitches and renewal contracts.

Customer Loyalty

Bob Shaff, president of Customers for Life Consulting, states it all boils down to relationships. “Loyalty is pretty much a thing of the past. There is no such thing as being on the same baseball team for an entire

career. There are no more lifetime pensions. People often switch insurance companies and frequently choose a company to do business with based upon price. Successful companies are bucking that trend by focusing on the customer and building relationships and trust.”

A Phoenix native, Shaff spent 26 years working for IBM Corporation’s marketing department before launching his Tucson-based consulting firm in 1992. He works with local and national clients, helping them to earn both customer and employee loyalty. In addition, he frequently delivers keynote presentations on loyalty to industry groups and corporations.

Shaff has found that many consumer-centric companies think they can adequately

retain customers by offering loyalty cards or loyalty discount programs. But that’s not the whole picture. “Loyalty cards and programs can motivate customers to come back, which is good, but they don’t replace solid relationships with customers,” he says. “On average, companies lose 20 percent of their customers each year, and 65 percent of them leave because they encounter rude or indifferent employees.”

That’s worth stopping to think about, considering that studies show a dissatisfied consumer will tell between 9 and 15 people about their experience. And some 13 percent of dissatisfied customers tell more than 20 people.

“In today’s world, everything is time-crunched,” Shaff says. “The highly valued currency is time. Customers are looking for ways to save time, and companies are short-staffed, often resulting in surly, indifferent customer service.” The key to retaining customers is to look for opportunities to “Wow” them; go out of your way to make it easy for them to do business with you, and provide service that they value and sometimes don’t expect. Be remarkable in their eyes, hearts and wallets. “The companies that are successful in doing this are hiring for attitude and training for skills.”

Employee training should be done in small increments, much like watering plants in a desert landscape. Explains Shaff, “Drip irrigation works better than flooding. So many companies think they can train their employees with a three-day seminar, but it is more effective to train them consistently, a little bit at a time, providing daily feedback and then rewarding positive customer service.”

Shaff advises companies to engage their customers in innovative conversations that add value for the customer. “Go out of your way to connect with customers by having dialogues with them. And then aggressively collect customer and employee feedback and act on it.”

Borselli also emphasizes that acting on customer feedback is critical. “It is very important to act on the feedback you receive, or you run the risk of damaging your relationship and reputation with your clients,” he said. ■

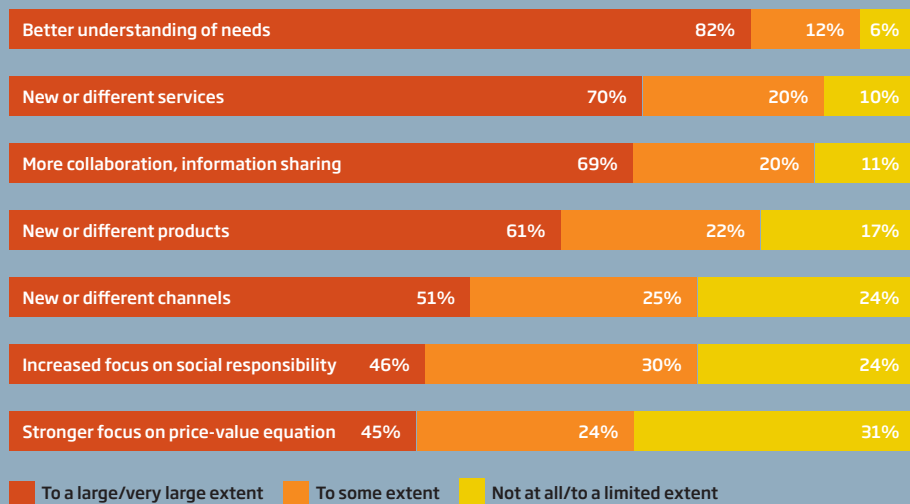
Covario, Inc. www.covario.com

Customers for Life Consulting

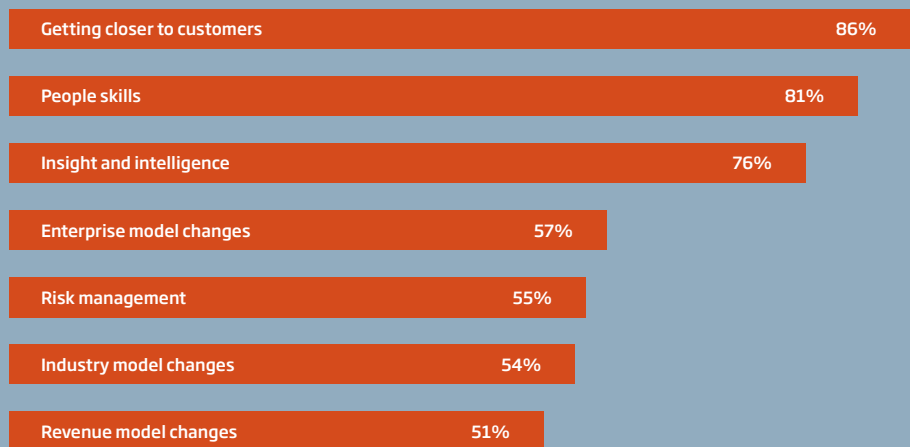
www.cflconsulting.com

Satrix Solutions, LLC www.satrixsolutions.com

CEOs Predict What Customers Will Expect



CEO Top Focus Areas – Next Five Years



Source: IBM Global CEO Study (1,541 CEOs, general managers and senior public sector leaders interviews in Q4 2009)